

pendecl b}^ the Treasury in the summer of 1892. The banks were obliged to withhold gold from their customers for the payment of custom duties and to send them to the Treasury for gold for export.

The combined effects of the loss of gold income, the reduction of receipts, the plethora of government paper currency, and the continued withdrawal of foreign capital was to compel four issues of bonds, aggregating \$262,315,400 in principal and \$293,000,000 in net proceeds to the Treasury, during 1894, 1895, and 1896. The most potent cause of these losses was the withdrawal of foreign capital, but this withdrawal was itself stimulated by the accumulation of idle currency, and the distrust of the financial policy of the United States which was invoked by the reduction of the gold reserve. The operation of the legal tender currency and of the Act of 1878, forbidding its cancellation when redeemed, was to expose the Treasury to persistent raids for gold, against which it had no means of protection through the interest rate, the charging of a premium, or the control of the foreign exchanges. The very gold paid into the Treasury for bonds sold to replenish the reserve, was obtained in large measure by the presentation of legal tender notes at the New York sub-Treasury for redemption.

The bids for the first issue of \$50,000,000 in five per cent, ten year bonds were opened on February i, 1894, an^ the reserve was raised on February 28th, to \$106,527,068. Gold exports from the United States set in heavily again in April, 1894, and were not arrested until the beginning of the outward movement of the crops in August. The net exports of gold from, the United States, after deducting imports, were \$9,402,110 in April, \$23,124,058 in May, \$22,376,872 in June, \$12,823,572 in July, and \$i,935,303 in August, 1894, when the tide turned slightly in the other direction. The respite was but a short one and bids for another block of \$50,000,000 in five per cent, ten year bonds were opened November 24, 1894.¹ T^{ne} reserve was restored from \$58,-

¹ The net proceeds of the first loan were \$58,660,917, and of the second \$58,538,500.—Finance Report, 1894, I,XIX-I/XX.